

AMENDED IN ASSEMBLY SEPTEMBER 3, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

Assembly Joint Resolution

No. 23

Introduced by Assembly Member De Leon

(Coauthors: Assembly Members Ammiano, Block, Carter, Chesbro, Eng, Evans, Feuer, Fong, Hernandez, Jones, Krekorian, Mendoza, Monning, Nava, Salas, Skinner, Swanson, and Torlakson)

July 24, 2009

Assembly Joint Resolution No. 23—Relative to the economy.

LEGISLATIVE COUNSEL'S DIGEST

AJR 23, as amended, De Leon. Economic crisis.

This measure would urge the Congress of the United States and the federal administration to work with the Governor and the Legislature of the State of California to, among other things, provide federal loan guarantees, flexibility with respect to certain programs, and certain funding levels for vital programs, as specified.

Fiscal committee: no.

- 1 WHEREAS, California is suffering a historic financial crisis
- 2 triggered by a global financial market meltdown largely created
- 3 by America's banking industry; and
- 4 WHEREAS, As a result of this global financial meltdown,
- 5 California is suffering from its highest unemployment rates in
- 6 history, rates higher than the rest of the nation, and has some of
- 7 the nation's highest foreclosure rates with an unprecedented
- 8 collapse in property values; and
- 9 WHEREAS, Skyrocketing unemployment, falling property
- 10 values, and quickly eroding personal income levels have triggered

1 state revenues in California to drop nearly 30 percent over the past
2 two years; and

3 WHEREAS, California is the largest state in the nation, making
4 up one-eighth of the nation's population and one-seventh of the
5 nation's economy; and

6 WHEREAS, California has historically been a so-called donor
7 state that contributes more in the way of federal tax dollars than
8 it receives in federal support; and

9 WHEREAS, California generally receives less than 80 cents
10 back on every dollar it sends to support the federal government
11 while other states such as Mississippi, Alabama, West Virginia,
12 and several other states receive more than twice that amount in
13 federal aid; and

14 WHEREAS, As a result of this fiscal crisis, California has been
15 forced to make billions of dollars of cuts to critical education,
16 health care, and local government programs that have significantly
17 undercut the impact of the recent federal stimulus initiative by the
18 President and Congress; and

19 WHEREAS, California has repeatedly and unsuccessfully
20 requested greater federal flexibility with various state programs
21 receiving federal funding that would help blunt the crushing ~~affects~~
22 *effects* of this global financial crisis at little to no cost to the federal
23 government; and

24 WHEREAS, While California has made many difficult budget
25 choices, the federal government has been reluctant to take action
26 to assist the state despite the fact that this global fiscal crisis was
27 largely triggered by Washington's collective failure to properly
28 oversee and regulate the financial markets that ran amok while
29 amassing incredible personal fortunes for company executives and
30 ultimately wiping out decades of hard earned savings by working
31 people and pensions funds throughout the world; and

32 WHEREAS, Washington quickly came to the rescue of the
33 banking industry, investing \$700 billion in the nation's banks as
34 well as providing loan guarantees and approving huge bonuses
35 with taxpayer funds to banking executives who had just ran these
36 companies into insolvency believing it was necessary to keep those
37 institutions working; and

38 WHEREAS, Washington rescued floundering auto
39 manufacturers spending billions of taxpayers dollars to prop up

1 those private sector companies and preserve the jobs of the workers
2 employed by those companies; and

3 WHEREAS, Despite having just taken ownership interest stakes
4 in several large corporations in order to prevent the acceleration
5 of this financial meltdown, and that several of those corporations
6 are now reporting record profits, are planning on providing
7 enormous employee bonuses, and are paying back their government
8 loans, the administration and Congress have largely turned a blind
9 eye to the financial meltdown of its biggest revenue contributor,
10 California; and

11 WHEREAS, One such company that benefited from federal
12 loan guarantees and recently paid off its government assistance
13 and repurchased its stock owned by the federal government,
14 Goldman Sachs, has announced that it is on pace to pay its
15 employees an average of \$773,000 this year, more than double
16 what it paid last year; and

17 WHEREAS, California by itself is one of the world's largest
18 economies, with the nation's greatest public higher education
19 system that serves as the intellectual, agricultural, technological,
20 and creative engine for the rest of the nation, but is suffering from
21 an unprecedented economic recession creating a significant drag
22 on the national economy that is threatening to stall the national
23 economic recovery; and

24 WHEREAS, California's parents are deeply concerned about
25 their children's education, health, and safety, which is why they
26 cannot understand why, in the midst of this unprecedented crisis,
27 Washington is resisting providing assistance to California, but is
28 spending their tax dollars on enormous bonuses to banking
29 executives who helped trigger this financial crisis; and

30 WHEREAS, California's parents also have the same dreams
31 and aspirations for their children as parents in West Virginia,
32 Alabama, and Mississippi, which is why they cannot understand
33 why in the midst of this crisis the federal government is sending
34 their tax dollars to benefit kids in those other states, while funding
35 for their own schools is being slashed, triggering massive teacher
36 layoffs, larger class sizes, delays in purchasing new textbooks, and
37 significantly higher tuition costs at California public universities;
38 and

39 WHEREAS, While California taxpayers subsidize other states,
40 the federal government could substantially assist this state by

1 updating funding formulas for key state programs, such as
2 Medi-Cal, which are currently based on outdated data that do not
3 reflect current economic circumstances; and

4 WHEREAS, The federal government could take many additional
5 actions that would not add to its deficit, such as allowing the state
6 greater flexibility to draw down federal funds, allowing more
7 flexibility for meeting maintenance of effort requirements, and
8 providing credit enhancements on state debt just as they have done
9 for major banks; and

10 WHEREAS, California is not asking for a bailout, but a fair
11 shake. California has been the federal government's biggest
12 financial supporter for decades, but in this historic financial crisis
13 triggered by events in Washington and on Wall Street, California
14 needs to retain more of its tax dollars to assist its own residents, or
15 at a minimum obtain some financial flexibility from the federal
16 government that it helps underwrite and support; now, therefore,
17 be it

18 *Resolved by the Assembly and the Senate of the State of*
19 *California, jointly*, That the Legislature of the State of California
20 strongly urges the Congress of the United States, its congressional
21 delegation, and the administration to work with the Governor and
22 the Legislature of the State of California to provide federal loan
23 guarantees to help make necessary short-term borrowing more
24 affordable to California taxpayers, provide the state with more
25 flexibility to accelerate the drawdown of federal benefits and
26 matching grants, provide more flexibility for the state in meeting
27 its maintenance of effort requirements, and provide funding levels
28 for vital programs that fully recognize the unique and devastating
29 circumstances facing this state during the economic crisis; and be
30 it further

31 *Resolved*, That the Chief Clerk of the Assembly transmit copies
32 of this resolution to the President and the Vice President of the
33 United States, to the Speaker of the House of Representatives, and
34 to each Senator and Representative from California in the Congress
35 of the United States.

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